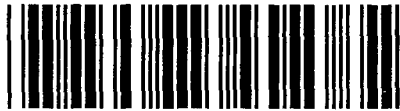




Control Number: 50758



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TARIFF CONTROL NO. 50758

**INTERIM TRUE-UP COMPLIANCE §
FILING FOR AEP TEXAS INC. §
CONCERNING RIDER TC-3 — §
TRANSITION CHARGE-3 RATES §**

**PUBLIC UTILITY COMMISSION
OF TEXAS**



COMMISSION STAFF'S RECOMMENDATION

COMES NOW the Staff (Staff) of the Public Utility Commission of Texas (Commission), representing the public interest, and files this Recommendation. In support thereof, Staff shows the following:

I. BACKGROUND

On April 14, 2020, AEP Texas (AEP) filed an application for an interim true-up of its Section 6.1.1.2.3.1 — Initial/Adjusted Transition Charge-3 Rates — Rider TC-3 (Rider TC-3) pursuant to the Financing Order in Docket No. 39931.¹ On April 16, 2020, the administrative law judge (ALJ) issued Order No. 1, requiring Staff to file a recommendation regarding the accuracy of the adjustments, the administrative completeness of the application, and the sufficiency of notice by April 28, 2020. Therefore, this pleading is timely filed.

II. RECOMMENDATION

Staff has reviewed AEP's filing and, as supported by the attached memorandum of William Abbott, Rate Regulation Division, recommends that the adjustments to Rider TC-3 have been calculated accurately and reflect the necessary adjustments to correct for the under-collected amounts. Staff also agrees that any necessary corrections to values presented in this case will be made in a future true-up adjustment. Finally, Staff recommends that AEP's proposal be approved with an effective date of April 29, 2020 and that AEP file a clean record copy of Tariff Rate Schedule 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates — Rider TC-3, Attachment 2 to AEP's application with the Commission's Central Records Division to be stamped "Approved" and retained for future reference.

¹ *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order (Jan. 12, 2012).

III. CONCLUSION

Staff respectfully requests the entry of an order consistent with the above recommendation.

Dated: April 23, 2020

Respectfully submitted,

PUBLIC UTILITY COMMISSION OF TEXAS LEGAL DIVISION

Rachelle Nicolette Robles
Division Director

Heath D. Armstrong
Managing Attorney

/s/ Taylor P. Denison

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TARIFF CONTROL NO. 50758

CERTIFICATE OF SERVICE

I certify that, unless otherwise ordered by the presiding officer, notice of the filing of this document was provided to all parties of record via electronic mail on April 23, 2020, in accordance with the Order Suspending Rules, issued in Project No. 50664.

/s/ Taylor P. Denison

Taylor P. Denison

Public Utility Commission of Texas

Memorandum

TO: Taylor Denison, Legal Division

FROM: William Abbott, Director, Tariff & Rate Analysis, Rate Regulation Division

RE: **Docket No. 50758** – *Interim True-Up Compliance Filing for AEP Texas Concerning Rider TC-3 – Transition Charge-3 Rates*

DATE: April 23, 2020

On April 14, 2020, AEP Texas (AEP) filed an application for an interim true-up of its Section 6.1.1.2.3.1 — Initial/Adjusted Transition Charge-3 Rates — Rider TC-3 (Rider TC-3). AEP was authorized to collect these nonbypassable Transition Charges to recover the securitized stranded costs, and other qualified costs under the Financing Order in Docket No 39931 (Financing Order).¹ The Financing Order requires AEP to make a mandatory interim true-up adjustment if the forecasted collections are insufficient to make all scheduled payments under the order.²

AEP's filing indicates that, absent revision of the TC-3 rates in this proceeding, a projected under-collection of TC-3 charges in the amount \$937,022 will accrue as of the June 1, 2020 expected bond payment date. In accord with the Financing Order,³ AEP has calculated its proposed TC-3 rates consistent with the standard annual true-up methodology, applying the projected under-recovery to the periodic billing requirement to calculate new TC-3 rates.

I have reviewed AEP's filing and determined that the requested adjustments to Rider TC-3, as shown in Attachment 1 to the filing, are appropriate. Accordingly, I recommend that the proposed 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates — Rider TC-3, Tenth Revision, Attachment 2 to the filing, be approved as filed on April 14, 2020 with an effective date of April 29, 2020. I also recommend that AEP be required to file a "clean" copy of 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates — Rider TC-3, to be stamped "Approved" by the Commission's Central Records Division and retained for future reference.

¹ *Application of AEP Texas Central Company for a Financing Order*, Docket No. 39931, Financing Order (Jan. 12, 2012).

² *Id.* at Finding of Fact 84.

³ *Id.* at Finding of Facts 82 and 85.

Public Utility Commission of Texas

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I have reviewed AEP's filing and determined that the requested adjustments to Rider TC-3, as shown in Attachment 1 to the filing, are appropriate. Accordingly, I recommend that the proposed 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates — Rider TC-3, Tenth Revision, Attachment 2 to the filing, be approved as filed on April 14, 2020 with an effective date of April 29, 2020. I also recommend that AEP be required to file a "clean" copy of 6.1.1.2.3.1 Initial/Adjusted Transition Charge-3 Rates — Rider TC-3, to be stamped "Approved" by the Commission's Central Records Division and retained for future reference.

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